

Identification of the Area

Name or Designation: I-90 Corridor to NE Renton

Area 75

Boundaries:

West – Mercer Island and Lake Washington

North – SE 24th St to 132nd Ave NE to NE 8th St.

East – I-90 and 276th Ave SE, approximately

South – S 208th St.

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

Area 75 is composed of the I-90 corridor from Mercer Island to Issaquah and south to include the Renton Highlands and Fairwood. The I-90 corridor remains central to South Bellevue's office market and other commercial businesses. Office and apartment vacancy rates have improved this year. Retail has continued a healthy progress.

Mercer Island, area 75-10 is a very upscale community located in Lake Washington between Seattle and Bellevue. It connects both cities with I-90 since this freeway traverses the island on the north side. Some of the most sought after real estate in the state of Washington lies on the six square mile island. Mercer Island is home to some of Seattle and Bellevue's highest salaried professionals. The island attracts such populace because some of its biggest assets are the educational opportunities provided. The public and private schools consistently generate students whose scholastic scores are some of the highest in the state and over 90% of its high school graduates attend college. Mercer Island has more than 475 acres of parkland and open spaces (for a total of 30 parks); an amenity that appeals to all age groups: from children up to health conscious adults. The median household income is in the mid \$90,000 range. Mercer Island is home to a youth theatre and will complete a new community center in 2005. Also, downtown Mercer Island is now undergoing a major transformation: a number of the old retail buildings have been razed and will be replaced by mixed use projects: commercial, retail, and offices with apartments and condominiums on the upper levels. When the projects are completed, they will add about 500 new apartments and condos to the Town Center, provide new office space for existing and relocated businesses, and about 15% more retail rental space than the buildings being replaced. The primary zone codes in Mercer Island are TC, P, MF-2, MF-3, CO, B, PBZ, and an array of residential codes.

Areas 75-20 Factoria, 75-30 Bellevue/I-90 Corridor, 75-85 Lake Hills, & 75-86 Crossroads comprise the Bellevue neighborhoods contained in this report. The city of Bellevue is located

east of Seattle, between Lake Washington and Lake Sammamish. It is a prosperous and diverse city that has evolved from a bedroom community into the economic hub of the east side of Seattle. It is ranked the fourth largest city in the state of Washington. Its downtown core has been developed into a major business and retail center while maintaining safe and opulent family neighborhoods. The city of Kirkland borders to the north, Redmond at the northeast, Issaquah to the east, and Renton to the south. Bellevue has the second largest population of cities within King County, which is the twelfth most populous county in the nation. Important components of population growth have been annexations of unincorporated portions of King County as well as new residential units. The city is comprised of 30.6 square miles. The residential population was 117,000 and its daily workforce 121,000 according to the 2002 census. High tech continues to be a major employment base and it is expected to grow over the next 20 years. Median household incomes are higher in Bellevue than most cities in King County.

Bellevue prides itself in its educational opportunities and over 54% of its adult population over 25 years of age hold a bachelor degree or higher. The Bellevue School District is not only one of the top districts in the state of Washington but it is also nationally recognized and it is a magnet for families which in turn creates a healthy demand for residential real estate. Bellevue Community College student population exceeds 37,000 on a yearly basis.

Bellevue offers many very well maintained parks, nature trails, and countless outdoor recreational opportunities to its residents. There are a total of 90 parks, Lake Washington, and Lake Sammamish attract water sports enthusiasts. Bellevue is also served by an efficient public transportation system which serves most of its areas.

The primary commercial zoning codes in Factoria are: F1, F2, F3, CB, O, R10, R20 and R30. Newport Hills and Lake Hills remain mostly residential communities and offer much smaller and more unassuming shopping and service facilities. The primary zoning codes in Lake Hills are NB, PO, R5, R10, R20, and R30.

The City of Newcastle, area 75-70, was incorporated in September of 1994 and has an area of 4.4 square miles. Newcastle was home to coal mines in the 19th century. Remnants of these coal mines are still found since they did not completely cease mining operations until 1963. Newcastle has experienced enormous growth over the last decade. This city has a significant amount of home occupied businesses, as well as a retail core providing neighborhood type commercial activity. The population was 8,375 in 2004. The median household income is in the high \$80,000 range and thus it is most comparable to south Bellevue. The opulent Newcastle Golf club is open to the public and is situated directly on a former large coal mine. Newcastle has a total of 12 parks. The largest park is Lake Boren which provides recreational activities such as basketball, volleyball, tennis courts, picnic shelters, and playground areas. The primary zoning codes are CB, LOS, MU, O, R4, R6, R8, R12, and R24. This community is served by the Issaquah and Renton School Districts.

Newport Hills, again 75-70, is located south of Factoria along the I405 corridor. This community offers easy freeway access. It was largely developed in the 1960's and 1970's and consists mostly of residential housing with some apartments and condominiums. Newport Hills has its own community shopping center which caters to neighborhood commercial activity and a swim club. The primary zoning codes in its business district are CB, PO, R5, and R30.

Renton, areas 75-60 and 75-65, are centrally located in King County and accessible by I-405, SR 167, SR 169, and I5. Renton is in close proximity to Seattle and Bellevue and the Seattle-Tacoma International Airport with a commute time of approximately 15 minutes to any of these locations. Renton had a population of 55,360 as of April of 2004 and an area of 17.2 square miles. It is the fifth largest city in King County and the 10th largest in the State. The median household income is \$69,740 per year with a median home price of \$252,000. The principal employers are Boeing, Valley Medical Center, Renton School District, Paccar, and the Federal Aviation Association. The total number of employees working within Renton is 38,616.

Renton offers extensive parks, open spaces, and trails. Coulon Park, on Lake Washington, is one of the most attractive waterfront parks in the general Seattle area. There are 30 parks altogether, 10.5 miles of trails, and 1,135 acres of open space, Maplewood Golf Course is open to the public. The downtown Renton 'Piazza' central urban plaza was completed in the spring of 2000. In addition, Renton has a unique combination of recreational and cultural opportunities and facilities which enhance the quality of life of its residents.

Valley Medical Center is King County Public Hospital District No.1. It is governed by publicly elected commissioners and provides, in collaboration with its medical staff and community agencies, comprehensive quality care and services. It is the area's most comprehensive health care provider with more than 400 physicians in 36 specialties. Its array of services includes a hospital with 24 hour emergency care, helipad, obstetrical care, critical care unit, outpatient surgery, wound health institute, children's services, cancer services, etc.

Educational opportunities are ample in the City of Renton with its award winning school district which serves over 13,000 students. There are four high schools, three middle schools, and thirteen elementary schools; five of which have been designated as "Outstanding Blue Ribbon Schools of Excellence" and the district received the prestigious national honor "What Parents Want" award. Renton Technical College has been training, retraining, and upgrading students' skills for 60 years. Its yearly enrollment tops 16,000 students. City University also has a campus in Renton.

Renton offers relatively affordable prices in residential real estate and lower commercial rental rates than its neighbor Bellevue, and therefore, it is still attractive for individuals who are mindful of real estate prices. Renton continues to add a diverse array of both, single family and multi-unit residential dwellings. It has therefore continued to increase services for its residents.

There are currently a number of development and redevelopment projects and efforts to improve the viability of the community. In particular, the Boeing plant is of significant interest to prospective buyers where various mixed use projects are being considered; including an 800,000 SF shopping center. Boeing has recently sold 46 acres which were rezoned COR by the City of Renton at \$18.86 per SF. These parcels are part of the Boeing 280 acre plant along Lake Washington. The company is forging ahead with consolidation plans for its industrial unit which observers expect to close in the next decade or so. The rezone will allow a mix of taller and denser commercial and residential development, a new urban center on the waterfront. New roads, sewers, and other utilities will be built on and around this site by the City of Renton.

The Renton Highlands have a great deal of commercial properties consisting of retail, restaurants, industrial sites, and an abundance of multi-family units. Along Sunset Boulevard, many buildings are still aged and this section is no longer the primary commercial center for the Renton Highlands. NE 4th St has, in fact, emerged as a more desirable shopping and commercial center with superior grocery stores, coffee houses, and other retail services to benefit the residents of new single-family homes and condominium and apartment dwellers in this area. Most of the commercial zoning codes in this area consist of CA, CC, CN, CO, CS, RM-1, RM-C, R8, R-10, IL, and IL-P.

The Fairwood area of Renton offers primarily residential living with neighborhood shopping centers, schools, churches, and a large land fill. Most of the commercial zoning codes are: CBSO, CC, CD, CN, COR, IL, M, MP, NB, NBSO, OPSO, P-1 and abundant multi-family/residential zoning codes: R12SO, R14, R48SO, RAC, etc.

Located just east of Bellevue is Issaquah, area 75-50. It is a residential community with many commercial establishments that include shopping centers, office buildings, restaurants, etc. Located along I90, it is about 18 miles from downtown Seattle. It was founded in 1862, incorporated in 1892 and has an approximate population of 18,000 residents in an area of 9.9 square miles. The average commute time is 20 minutes to Seattle and 10 minutes to Bellevue. Issaquah is surrounded by three mountains: Cougar, Tiger, and Squaw Mountains, also known as the 'Issaquah Alps', and the clear waters of Lake Sammamish. Issaquah has forests, a zoological park, and a salmon hatchery that has experienced a remarkable renovation and draws 300,000 guests each year to watch the fish struggle up concrete steps to simulate the natural uphill battle salmon face before reproducing. Issaquah also offers abundant recreational opportunities for hikers, joggers, cyclists, etc with its many parks, trails, lake, and open spaces. Talus, a large new development in the southwestern portion of Issaquah, will offer new 1,735 residential housing units and a business center with 800,000 SF of office space and 50,000 SF of retail space and common facilities. This development will include extensive amounts of trails and public green space. It is a desirable and safe community.

Old Issaquah maintains a charming small village atmosphere with art galleries, a modern library, specialty boutiques, antique shops, live theatre, restaurants, a Saturday public market, a historic

depot, a winery, and a chocolate factory. Boehm's chocolate factory is modeled after a Swiss Chalet and conducts tours that attract an array of yearly visitors. Just next door is Hedges Cellars, one of the largest family-owned wineries in Washington, which offers banquet facilities as well as wine tasting rooms.

The Issaquah School District serves 73,000 residents within its boundaries who live in Issaquah, Preston, Newcastle, unincorporated King County, and portions of Renton. Approximately 1,700 staff work in the classrooms with its 21 schools. There are 12 elementary schools, 4 middle schools, 4 high schools, and an alternative high school. There are 14,000 students in the district and new campuses are planned to open in 2005 to alleviate overcrowding at the high schools. The Issaquah school district also enjoys a favorable reputation with award winning schools and it is also home to a number of private schools and Trinity Lutheran College.

The largest concentration of retail and office space has been located on Gilman Boulevard and North of I-90 since the early 1990's. Old downtown Issaquah consists mostly of freestanding retail buildings (frequently under 2,000 SF) and modest office buildings occupied by small business owners rather than large chain industries. The primary zoning codes in Issaquah are: CBD, CF-F, CF-R, MF-H, MF-M, R, R4, SF-D, and SF-SL.

Physical Inspection Area:

Neighborhood 75-10 was physically inspected this year. It consists of Mercer Island with the largest concentration of commercial parcels being on the north end of the island. Though many commercial structures in this area were built in the 1950's, 1960's, and 1970's, downtown Mercer Island is currently undergoing a major transformation which will add new office, retail, and other commercial space. Many new condominiums and apartment units will also be added above the commercial spaces. In the process, many of the older buildings were razed altogether.

Preliminary Ratio Analysis:

A Preliminary Ratio Study was done in January of 2005. The study included sales of improved parcels and showed a COV of 21.07%.

The study was also repeated after application of the 2005 recommended values. The results are included in the validation section of this report, showing a change in the COV from 21.07 % to 10.39 %.

Scope of Data

Land Value Data:

Vacant sales from 1/01 to 12/04 were given primary consideration for valuing land.

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. Calling the purchaser or seller, inquiring in the field, or calling the real estate agent verified all sales if possible. Characteristic data is verified for all sales if possible. Due to time constraints, interior inspections were limited. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides in the Assessor's procedure manual located in the Public Information area of the King County Administration Building.

Land Value

Land Sales, Analysis, Conclusions

The market continues to show an appreciation of land values throughout most of area 75. The land prices were increased to accommodate market appreciation.

Sales from 1/2001 to 12/2004 were used to determine indicated market ranges for each neighborhood based on zoning. In some neighborhoods, due to the lack of recent sales, older sales and sales from adjacent neighborhoods were considered.

The recommended land value for the 2005-assessment year (taxes payable in 2006) results in an overall average change from the 2004-assessment year of 10.86 %. The total assessed land value for the 2004 assessment year for Area 75 was \$1,255,498,200 and the total recommended land assessed value for the 2005 assessment year is \$1,391,850,800. This is primarily due to value increases for Mercer Island, and Bellevue.

Area 75-10: Mercer Island

The most recent Mercer Island land sales demonstrate that land prices needed to increase in order to reach more realistic market values. Parcel # 531510-1250 was a teardown land sale that had involved a much updated office building. It has since been torn down and will become part of a large commercial complex that involves an entire city block. The demand for Mercer Island commercial land is high and it is a scarce commodity. Downtown Mercer Island is undergoing a major transformation and thus much commercial space and multi-family units will be created

Vacant land prices for commercially zoned parcels in Mercer Island are now in the mid \$40 per SF range and continue to show appreciation.

Parcel Number	Sale Date	Sale Price	Lot Size	Zoning	Neighborhood	Price/Sq Ft
302405-9227	May-00	\$1,800,000	49,638	SFR	South Mercer Island	\$36.26
531510-0947	Jul-99	\$1,260,000	28,770	MF-2	North Mercer Island	\$43.79
531510-1185	Jul 03	\$4,300,000	88,672	TC	North Mercer Island	\$48.49
531510-1250	Dec 03	\$2,000,000	12,718	TC	North Mercer Island	\$157.26
531510-1495	Mar 04	\$1,700,000	19,527	TC	North Mercer Island	\$87.06

The average increase for land on Mercer Island is 17.52% over last year's value.

Areas 75-20 Factoria, 75-30 Bellevue/I-90 Corridor, 75-85 Lake Hills, & 75-86 Crossroads comprise the Bellevue neighborhoods.

Commercial new construction continues at a steady pace in 2005. Demand for residential housing is still healthy and this in turn creates demands for services. Commercial new construction remained steady in 2004. Land prices continue to increase.

Neighborhoods 75-85 and 75-86 are primarily residential areas with modest neighborhood shopping centers which are normally comprised of a grocery store, a bank, video stores, and a restaurant or two. Factoria, however, continues to be the primary shopping and commercial center of south Bellevue. The demand for retail space is quite healthy with few vacancies. Area 75-30 is primarily made up of the I90 office buildings and warehouses just north of this freeway. Though the office market had suffered high vacancies in 2002, and 2003, this market reportedly bottomed out in 2004 and the vacancy rate has stabilized and even decreased.

Parcel Number	Sales Date	Sales Price	Price/SqFt	Lot Size	Zone	Neighborhood
220150-1406	May-00	\$ 475,000	\$ 21.30	22,300	CB	Eastgate
042405-9010	Jan-00	\$ 2,000,000	\$ 19.79	101,081	L1/C	SW Bellevue
092405-9168	Aug-02	\$ 1,300,000	\$ 8.45	153,795	L1/C	SW Bellevue
102405-9034	Mar-01	\$ 1,600,000	\$ 11.37	140,689	L1	Kamber Rd
102405-9045	Dec-02	\$ 3,053,000	\$ 50.64	60,290	OLB	I-90 Corridor
092405-9138	Jun-02	\$ 150,000	\$ 5.10	29,388	R-20C	SW Bellevue
162405-9198	Oct-02	\$ 450,000	\$ 35.84	12,555	R30	Factoria
185410-0010	Mar -03	\$ 724,800	\$ 32.24	22,481	CB	Crossroads
092405-9138	Oct -03	\$ 306,000	\$ 10.41	29,388	R-20C	SW Bellevue
883990-0037	Mar-04	\$ 329,600	\$ 18.97	17,376	R-20	NE 8 th /Cross.
092405-9264	Aug-04	\$ 76,000	\$ 10.31	7,375	LI	SW Bellevue

The overall increase in the area is 6.49%.

Areas 75-50 Old Downtown Issaquah & 75-70 South Issaquah/Maple Valley/ Newcastle/Kennydale

Issaquah's transportation concurrency ordinance continues to impact the building ability of its land. Building has remained steady and Issaquah is currently expanding a major development, Talus, which constitutes of apartment buildings, townhouses, and abundant commercial space and they even have plans for a retirement nursing home facility on these premises. This development is located in the west side of Issaquah, south of I-90. Land sales within the city of Issaquah were rather limited.

Newcastle and Kennydale continue to show appreciation because demand has been relatively healthy in these neighborhoods and the land sales reflect this fact. Most of the appreciations are in the two aforementioned neighborhoods.

Area	Parcel Number	Sales Date	Sales Price	Price per SqFt	Lot Size	Zone	Neighborhood
75-50	884390-0080	Apr-01	\$ 248,000	\$ 20.67	12,000	MF-M	Issaquah
75-50	272406-9048	Mar-01	\$ 740,900	\$ 20.00	37,044	R	E Issaquah
75-70	165650-0025	Jul-02	\$ 210,000	\$ 4.93	42,592	NB	May Valley
75-70	242405-9043	Apr-01	\$ 1,500,000	\$ 4.52	331,927	R1	Newcastle
75-70	202406-9058	Apr-02	\$ 1,400,000	\$ 7.53	185,870	PO	I-90/Issaquah
75-70	282405-9009	Apr-02	\$ 270,000	\$ 19.64	13,745	RS7200	Newport Hills
75-70	334330-1105	Oct-03	\$ 700,000	\$ 12.82	54,581	CA	Kennydale
75-70	272405-9021	Jun-03	\$ 2,670,282	\$ 19.03	140,316	R6	Newcastle
75-70	272405-9059	Feb-04	\$ 675,000	\$ 16.46	41,000	R-24	Newcastle
75-70	272405-9031	May-04	\$ 600,000	\$ 7.53	79,714	R-24	Newcastle
75-70	282405-9144	Jun-04	\$ 590,000	\$ 16.90	34,290	O	Newcastle
75-50	856273-0130	Jul-04	\$ 1,530,000	\$ 12.96	118,086	UV-EV	Issaquah

Parcels with wetlands and sensitive areas differ in price because their building potential varies greatly from site to site.

The overall land assessment in Issaquah/Newcastle/May Valley increased by an average of 9.62% with the primary increases in Newcastle, Kennydale, and May Valley. Issaquah values remained relatively stable

Area 75-60: Renton Highlands and 75-65 Fairwood

Renton continues to grow and add new single family dwelling units and strip malls. Most new construction is concentrated in the Renton Highlands on NE 4th. One new commercial center with a mix of retail, restaurants, and services has been completed. This neighborhood is the most appealing in the Renton Highlands.

Multi-Family parcels in the Renton Highlands were valued \$7 and \$8 per SF, depending on location, lot size, topography, etc.

Commercially zoned (CN, CS, CC, CA) parcels were valued between \$10 and \$14 per sq. ft., depending on location.

Parcel Number	Sales Date	Sales Price	Price/SqFt	Lot Size	Zone	Neighborhood
092305-9197	Jun-02	\$ 325,000	\$ 8.67	37,500	CB	Highlands
042305-9155	Feb-00	\$ 250,000	\$ 14.66	17,059	CB	Highlands
722790-0018	Jan-03	\$ 385,000	\$ 34.38	11,200	CB	Highlands
516970-0120	Mar-02	\$ 500,000	\$ 12.03	41,580	CN	Highlands
516970-0119	Jan-03	\$ 235,000	\$ 16.85	13,947	CN	Highlands
092305-9241	Apr-01	\$ 200,000	\$ 9.96	20,072	CS	Highlands
102305-9012	Jun-01	\$ 475,000	\$ 8.00	99,148	CS	Highlands
092305-9103	Nov-01	\$ 2,100,000	\$ 8.25	254,667	CS	Highlands
162305-9062	Aug-01	\$ 1,250,000	\$ 3.82	327,136	MR	Highlands
162305-9061	Oct-01	\$ 4,320,000	\$ 4.83	894,694	R-10	Highlands
334450-0445	Feb-01	\$ 160,000	\$ 4.54	35,255	RM-1	Kennydale
092305-9161	Jul-03	\$ 400,000	\$ 6.10	65,613	RM-C	Highlands
516970-0123	Apr-04	\$ 245,000	\$ 13.50	18,150	CN	Highlands
334450-0005	Aug-04	\$ 290,000	\$ 11.93	24,300	CC	Highlands
518210-0002	Sep-04	\$ 925,000	\$ 5.00	260,310	CS	Highlands

The total change in this area was 5.29%.

Improved Parcel Total Values:

Sales comparison approach model description

The model for sales comparison was based on four data sources from the Assessor's records; occupancy codes, age, condition, and size. There are 64 improved sales in Area 75 considered fair market transactions reflective of market conditions. The sales are organized into market segments based on predominate use. Based on a sales analysis, each segment reflected a market price per square foot of net rentable area. The sales price ranges served to establish a general upper and lower market boundary for the various property types within each subject area.

Sales comparison calibration

The search for comparable sales was within each geographic neighborhood and expanding to include the surrounding neighborhoods within the geographic area. Location, quality and effective age were factors considered for adjustment.

Cost approach model description

The Marshall & Swift Commercial Estimator was used to automatically calculate cost estimates for all properties. Cost estimates were relied upon in almost every instance of exempt properties including schools, churches, fire stations and public utility buildings, and served also as value indicators for new construction projects. Cost estimates were also relied upon for special use properties where no income data or market data exists.

Cost calibration

The Marshall & Swift Valuation modeling system built into the Real Property Application is calibrated to the western region and the Seattle area. Depreciation is also based on studies done by Marshall & Swift Valuation Service.

Income capitalization approach model description

Economic income information was collected predominately from the market place. Other sources of income information include but are not limited to, sales reporting services such as: 'Comps', data collected in the field (both asking and actual rates), fee appraisals, journals and publications. Economic income tables were developed to perform an income approach for properties in Area 75. Tables were created for retail, office, medical/dental office, service garage, warehouses, light industrial, and supermarkets. A 'no income' table was created to include those properties where the income approach is not applicable such as, exempt properties including schools, churches, fire stations and public utility buildings. In addition, no income approach was developed for those special use properties where no income information exists.

Income approach calibration

The tables were calibrated after setting economic rents, vacancy, expenses and capitalization rates by using adjustments based on size, effective age, and construction quality as recorded in the Assessor's records.

The tables used are included in the addenda of this report. The following is a brief summary of the rents and rates used in this revalue for the major property types.

Property Type	Typical Rent	Rent Range	Expense Range	Cap Rate Range
Office	\$12 to \$25	\$10 to \$30	\$6.50 to \$8.00	7.00% to 9.25%
Smaller Retail	\$15.00 to \$25.00	\$12.50 to \$28	5 % to 10%	7.25% to 9.50%
Larger Retail	\$9.00 to \$18.00	\$9.00 to \$20.00	7% to 15%	7.50% to 9.75%
Warehouse/Industrial	\$6.00 to 8.50	\$4.75 to \$9.00	10.00% to 15%	7.75% to 9.50%
Service Garage	\$8.00 to \$13.00	\$6.50 to \$14.00	8.00% to 15%	7.75% to 9.50%

Vacancy and credit loss for office buildings was calculated as follows:

NRA less than 10,000 SF at 7%

NRA between 10,001 SF and 20,000 SF at 9%

NRA between 20,001 SF and 40,000 at 11%

NRA between 40,001 SF and 79,999 SF at 13%

NRA over 80,000 SF at 15%

Vacancy for retail was calculated as follows:

NRA less than 5,000 SF at 5%

NRA greater than 5,000 SF at 7%

Vacancy and collection loss for all other property types was computed between 5.00% and 15%.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

The area appraiser reviewed all value estimates before final value selection. Each appraiser can adjust any or all of the factors used to establish value by the model. The market rents, as established by the income model, were used as a guide in establishing the market rental rates used. The market rental rate applied varies somewhat but falls within an acceptable range of variation from the established guideline. The Senior Appraiser reviewed all final value selects before posting.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate

may be appropriate and may adjust by particular characteristics and conditions as they occur in the valuation area.

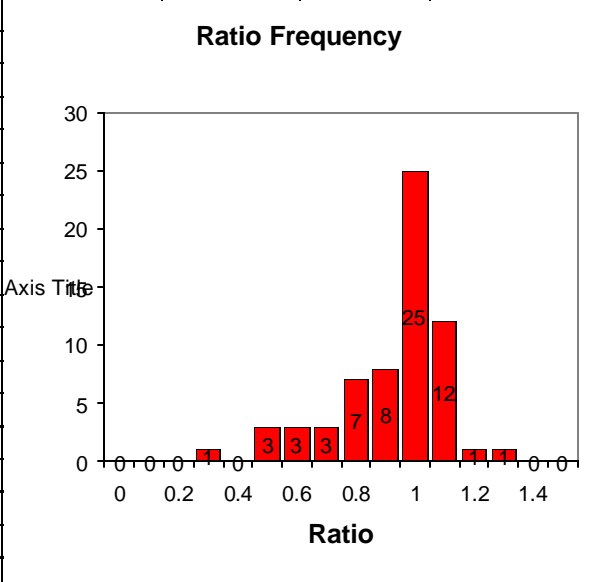
The new assessment level is 96.4%. This figure reflects changing market conditions and stabilized vacancy rates. The standard statistical measures of valuation performance are presented both in the Executive Summary and in the 2004 and 2005 Ratio Analysis charts included in this report.

The total assessed value for the 2004 assessment year for area 75 was \$2,751,822,450. The total recommended assessed value for the 2005 assessment year is \$2,967,245,900.

Application of the recommended values for the 2005 assessment year (taxes payable in 2006) results in an average total change from the 2004 assessments of +7.83 %. The increase is due partly to a stable vacancy rate, new construction, development of land, and increased land and high property prices.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept on the 8th floor of the King County Administration Office.

Improvement Ratio Study (Before) 2004 Assessments

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:	
East Crew	1/1/2004	3/31/2005	1/1/02 - 02/28/05	
Area	Appr ID:	Prop Type:	Trend used?: Y / N	
075-000	RUPE	Improvement	N	
SAMPLE STATISTICS				
Sample size (n)	64			
Mean Assessed Value	892,800			
Mean Sales Price	1,054,000			
Standard Deviation AV	1,703,359			
Standard Deviation SP	1,857,538			
ASSESSMENT LEVEL				
Arithmetic mean ratio	0.883	Axis Title	Ratio	Ratio
Median Ratio	0.963			
Weighted Mean Ratio	0.847			
UNIFORMITY				
Lowest ratio	0.2913			
Highest ratio:	1.2133			
Coefficient of Dispersion	13.70%			
Standard Deviation	0.1860			
Coefficient of Variation	21.07%			
Price-related Differential	1.04			
RELIABILITY				
95% Confidence: Median				
Lower limit	0.883			
Upper limit	0.988	These figures reflect measurements <u>before</u> posting new values.		
95% Confidence: Mean				
Lower limit	0.837			
Upper limit	0.928			
SAMPLE SIZE EVALUATION				
N (population size)	0			
B (acceptable error - in decimal)	0.05			
S (estimated from this sample)	0.1860			
Recommended minimum:	0			
Actual sample size:	64			
Conclusion:	OK			
NORMALITY				
Binomial Test				
# ratios below mean:	23			
# ratios above mean:	41			
z:	2.125			
Conclusion:	Non-normal			
*i.e., no evidence of non-normality				

Improvement Ratio Study (After) 2005 Assessments

Quadrant/Crew:	Lien Date:	Date:		Sales Dates:
East Crew	1/1/2005	3/31/2005		1/1/02 - 02/28/05
Area	Appr ID:	Prop Type:		Trend used?: Y / N
075-000	RUPE	Improvement		N
SAMPLE STATISTICS				
Sample size (n)	64	<div style="text-align: center;"> Ratio Frequency </div>		
Mean Assessed Value	1,015.800			
Mean Sales Price	1,054.000			
Standard Deviation AV	1,813.097			
Standard Deviation SP	1,857.538			
ASSESSMENT LEVEL				
Arithmetic mean ratio	0.984			
Median Ratio	0.986			
Weighted Mean Ratio	0.964			
UNIFORMITY				
Lowest ratio	0.7486			
Highest ratio:	1.2727			
Coefficient of Dispersion	7.46%			
Standard Deviation	0.1022			
Coefficient of Variation	10.39%			
Price-related Differential	1.02			
RELIABILITY				
95% Confidence: Median				
Lower limit	0.962			
Upper limit	0.998	<div style="border: 1px solid black; padding: 5px;"> These figures reflect measurements <u>after</u> posting new values. </div>		
95% Confidence: Mean				
Lower limit	0.959			
Upper limit	1.009			
SAMPLE SIZE EVALUATION				
N (population size)	0			
B (acceptable error - in decimal)	0.05			
S (estimated from this sample)	0.1022			
Recommended minimum:	0			
Actual sample size:	64			
Conclusion:	OK			
NORMALITY				
Binomial Test				
# ratios below mean:	32			
# ratios above mean:	32			
z:	-0.125			
Conclusion:	Normal*			
*i.e., no evidence of non-normality				

Improvement Sales Used Area 075

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code
075	085	032405	9118	7,200	1901426	\$600,000	07/29/02	\$83.33	PAR DEE LUMBER SALES	R-20	1	Y
075	083	042405	9030	11,455	2006279	\$2,097,184	11/25/03	\$183.08	BANNERWOOD OFFICE BLDG	R-20	1	Y
075	060	092305	9103	9,640	1989563	\$2,955,000	09/18/03	\$306.54	REPAIR SHOP AND SFR	CS	1	Y
075	020	092405	9149	1,971	2064513	\$684,000	08/18/04	\$347.03	EVERGREEN SERV CORP	LI	1	Y
075	020	092405	9168	1,440	1908169	\$1,300,000	08/28/02	\$902.78	UNDERGROUND DISTRIBUTION LI	LI	1	Y
075	060	102305	9117	1,070	2092623	\$455,000	12/22/04	\$425.23	INSURANCE SERVICES	CS	1	Y
075	060	102305	9375	3,625	2098723	\$517,500	01/26/05	\$142.76	PARK PLACE DAYCARE	CS	1	Y
075	030	102405	9123	63,351	1996754	\$12,080,000	10/22/03	\$190.68	AMI BUILDING	OLB	1	Y
075	060	162305	9089	24,915	2048142	\$4,300,000	06/10/04	\$172.59	EASTWAY CENTER	CS	1	Y
075	060	162305	9098	17,640	1933748	\$820,000	01/06/03	\$46.49	PRICE SETTERS MARKET	CS	1	Y
075	070	202406	9058	0	1878152	\$1,400,000	04/01/02	\$0.00	D E HOKANSON INC	PO	1	Y
075	050	235430	0710	600	2098946	\$339,000	01/20/05	\$565.00	OFFICE BUILDING	MF-H	1	Y
075	086	246030	0255	3,765	2028423	\$849,000	03/15/04	\$225.50	FAIRLAKE PROFESSIONAL PLAZA	O	1	Y
075	050	272406	9009	6,000	2097633	\$370,700	01/24/05	\$131.08	LINE RETAIL	CBD	1	Y
075	050	272406	9018	4,584	1936280	\$985,000	01/23/03	\$214.88	IOOF BLDG	CBD	1	Y
075	050	282406	9036	1,683	2080501	\$675,000	10/28/04	\$401.07	Swanson Architectural Group	CBD	1	Y
075	050	282406	9051	3,010	2090107	\$636,000	12/09/04	\$211.30	ISSAQUAH GALLERY	CBD	1	Y
075	050	282406	9059	4,800	1949223	\$825,000	03/20/03	\$171.88	RETAIL/OFFICE	CBD	1	Y
075	050	282406	9085	2,520	1968669	\$500,000	06/20/03	\$198.41	DON'S DECOR	CBD	1	Y
075	060	285480	0140	5,138	1995580	\$789,900	10/10/03	\$153.74	MEDICAL DENTAL BLDG	CS	2	Y
075	065	292305	9158	4,562	2090308	\$1,227,500	12/13/04	\$269.07	DESIGNERS SALON	CBSO	1	Y
075	070	334210	3260	2,000	1918863	\$430,000	10/30/02	\$215.00	BLDG MAINT	CC	1	Y
075	060	516970	0120	4,504	1874229	\$500,000	03/11/02	\$111.01	TUM-A-LUM LUMBER	CN	1	Y
075	070	522930	0140	8,003	2011975	\$195,000	12/31/03	\$24.37	BARN'S & TACK SHOP	RA5	2	Y
075	050	527910	0325	7,002	2032951	\$850,000	04/21/04	\$121.39	BUSCH AUTO REBUILD	MF-H	1	Y
075	010	531510	1137	3,776	1968374	\$1,272,653	06/25/03	\$337.04	CORRY'S DRY CLEANING	TC	1	Y
075	010	531510	1185	0	1975872	\$4,300,000	07/23/03	\$0.00	QFC	TC	1	Y
075	010	531510	1495	0	2027158	\$1,700,000	03/08/04	\$0.00	SIMBA'S AUTO SERVICE	TC	1	Y
075	010	545230	0395	2,642	1896433	\$850,000	07/05/02	\$321.73	MEDICAL CLINIC & PRESCRIPTION	B	1	Y
075	010	545230	0420	15,600	2053539	\$4,500,000	07/08/04	\$288.46	80TH AVE PROF BLDG	B	1	Y
075	010	545230	0640	14,688	1965185	\$3,921,000	06/09/03	\$266.95	ONE MERCER PLAZA	MF-2	1	Y
075	020	545330	0193	8,976	1990424	\$1,000,000	09/23/03	\$111.41	NORWOOD CUSTOM CRAFT	LI	1	Y
075	020	545330	0241	34,481	1990776	\$4,950,000	09/25/03	\$143.56	OFFICE BUILDING	LI	1	Y
075	030	545330	0292	18,400	1914149	\$1,600,000	10/03/02	\$86.96	WSI WEAPONS SAFETY INC	LI	1	Y
075	010	545900	0450	11,106	1996126	\$3,030,000	10/15/03	\$272.83	FIRST MERCER BLDG	MF-2	1	Y
075	083	573960	1450	2,062	1975112	\$650,000	07/24/03	\$315.23	BELLEVUE NURSERY	R-4	1	Y
075	020	607340	0130	0	1873950	\$80,000	03/18/02	\$0.00		R-2.5	1	Y
075	020	607340	0210	0	2096721	\$80,000	01/14/05	\$0.00		R-2.5	1	Y
075	020	607340	0230	0	2001058	\$78,000	11/10/03	\$0.00		R-2.5	1	Y
075	020	607340	0400	0	2019996	\$34,100	02/23/04	\$0.00		R-2.5	1	Y
075	020	607340	0590	0	2039929	\$38,000	05/19/04	\$0.00		R-2.5	1	Y
075	020	607340	0610	0	2103124	\$39,250	02/07/05	\$0.00		R-2.5	1	Y
075	020	607340	0850	0	1921533	\$80,000	11/12/02	\$0.00		R-2.5	1	Y
075	020	607340	1080	0	2033875	\$91,000	04/22/04	\$0.00		R-2.5	1	Y
075	020	607340	2020	0	1994480	\$70,000	10/10/03	\$0.00		R-2.5	1	Y
075	020	607340	2060	0	2017238	\$65,000	02/04/04	\$0.00		R-2.5	1	Y
075	020	607340	2080	0	1963355	\$67,000	06/03/03	\$0.00		R-2.5	1	Y
075	020	607340	2330	0	2031860	\$70,000	04/14/04	\$0.00		R-2.5	1	Y
075	020	607340	2440	0	2002374	\$75,000	11/17/03	\$0.00		R-2.5	1	Y
075	020	607340	2450	0	2056706	\$45,000	07/21/04	\$0.00	Marina Boat Slip 26 feet of cove	OU	1	Y
075	020	607340	2570	0	2016737	\$56,000	02/01/04	\$0.00		R-2.5	1	Y
075	020	607340	3080	0	1876882	\$33,000	03/29/02	\$0.00		R-2.5	1	Y
075	020	607340	3300	0	1897072	\$35,000	07/10/02	\$0.00		R-2.5	1	Y
075	020	607340	3510	0	2039546	\$36,000	05/18/04	\$0.00		R-2.5	1	Y
075	020	607340	3530	0	1893092	\$22,000	06/20/02	\$0.00		R-2.5	1	Y
075	020	607341	0180	0	1957825	\$69,600	05/09/03	\$0.00		R-2.5	1	Y
075	020	607341	0270	0	1863621	\$68,000	01/14/02	\$0.00		R-2.5	1	Y
075	020	607341	0300	0	1877264	\$68,000	04/01/02	\$0.00		R-2.5	1	Y
075	020	607341	0310	0	2038206	\$69,000	05/11/04	\$0.00		R-2.5	1	Y
075	020	607341	0400	0	1868424	\$68,000	02/14/02	\$0.00		R-2.5	1	Y
075	020	607341	0430	0	1991126	\$69,500	09/26/03	\$0.00		R-2.5	1	Y
075	060	722790	0016	1,687	2000237	\$480,000	10/28/03	\$284.53	WEST ONE BANK	CS	1	Y
075	060	722790	0017	3,201	1895270	\$517,500	06/28/02	\$161.67	HIGHLANDS MEDICAL-DENTAL	CS	1	Y
075	086	883990	0248	3,200	1941931	\$800,000	02/20/03	\$250.00	OFFICE	PO	1	Y